

13 February 1970

Project No. 51.5567

Economic and Military Reconstruction in North Vietnam
During January 1970

Introduction

The pace of reconstruction of fixed military facilities and industrial plants and other economic developments in North Vietnam provide an indication of the regime's current policies towards support for the war in the South. This monthly report summarizes significant developments in economic and military reconstruction that might be relevant to an analysis of change in the North Vietnamese position.

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Military Construction

1. Eleven surface-to-air missile sites have been newly identified [REDACTED] along three of the main border crossing routes for logistics movement into and through Laos. Eight sites are located at distances ranging from five miles to 20 miles east and north of Ban Karai and Mu Gia passes. Two of these were occupied by missiles or related equipment, and probably were the sites from which about 10 missiles were fired during December and January against B-52 aircraft over Laos and reconnaissance aircraft over North Vietnam. Three additional SAM sites, one occupied by a missile firing unit, [REDACTED] along Route 7 within 23 miles of the Laos border.

2. [REDACTED] Vinh airfield indicated that the overrun areas at both ends of the runway are being filled and widened. When this construction is completed the runway will be about 8,000 feet in length, long enough for use by MIG-21's carrying wing tanks and external armaments. Twenty-one revetted hardstands have been identified at the facility, but no large scale deployment of aircraft to Vinh has been observed. Construction work does not block the existing runway and probably will not hinder current limited MIG operations. Two

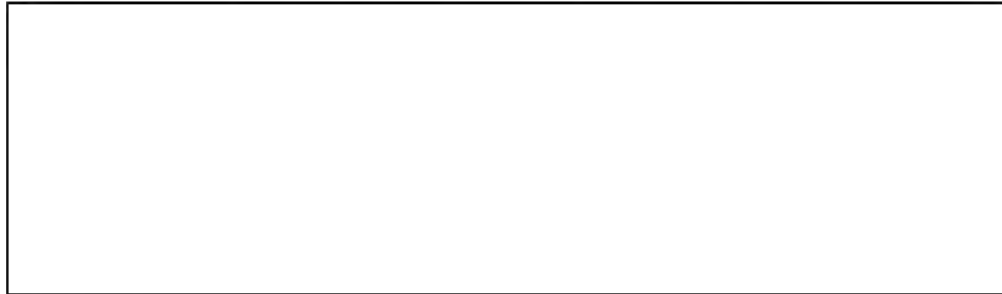
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3. Electronics facilities detected in the North Vietnamese Panhandle since mid-December include a radar site equipped with ground-controlled-intercept vans and a site containing SWING BOX passive intercept equipment, both located near Ha Tinh, about 30 miles south of Vinh. Passive



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4. The Communists are building additional cross border roads into the Laotian Panhandle. [redacted] a road under construction crossing the border into Laos just north of Route 137/912, which will connect storage areas along Route 137 with the long western bypasses around Ban Laboy Ford and give the Communists a third road through the Ban Karai Pass. The Communists are also extending a road into Laos from the present terminus of Route 1032 in the western end of the DMZ. This road will enter Laos through the Se Bang Hiang river valley and join the Laotian roadnet north of the key storage base at

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Sepone. According to preliminary estimates of its alignment and construction, this could be an all weather route.

5. The North Vietnamese have begun to extend a rail spur from the rail yard in Vinh southwest towards river transshipment points and the northern terminus of the tram line that is operational to within 20 miles of Mu Gia Pass. Only 500 yards of the spur had been completed [REDACTED]

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6. Petroleum storage capacities at Quang Khe have been increased from 425 metric tons in October 1969 to 1300 metric tons [REDACTED]. Fifty-two 25-metric ton tanks are now interconnected by rigid pipelines compared with 17 tanks in revetments [REDACTED]. This expansion suggests that Quang Khe may become the main port in the North Vietnamese Panhandle for petroleum supplies destined for use in southern Laos. Quang Khe is also better located to serve routes entering Laos through Ban Karai Pass than is the Vinh - Mu Gia Pass pipeline, and it could easily be connected by pipeline with storage facilities near Dong Hoi that currently serve fuel requirements near the DMZ.

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7. In northern North Vietnam, construction work continues on the major rail realignment project on the Dong Dang line south of Lang Son. About 60 percent of the rail bed has been completed, and in late January bridge piers were in place on eight of the largest bridges including one eleven-span bridge that will carry the new rail line over Route 1A.

Economic Reconstruction

8. There were no notable developments in industrial reconstruction during January. Party First Secretary Le Duan's speech on 3 February seemed to indicate that little immediate improvement could be expected in the country's economic conditions. He pointed out that despite the poverty of the country everyone has adequate food, clothing, and medical care and schooling, strongly implying that the current bare adequacy might continue for some time. In talking about the country's economic needs Le Duan listed essentially the same priorities that were outlined briefly in the 1970 plan -- to increase agricultural and light industrial production, to solve the problem of food and consumer goods, to improve communications and transport and to improve the distribution system. Major reconstruction and new development of heavy industry apparently is to be postponed while the war continues. Although much of the reconstruction work on transport and military facilities has been completed and the regime now appears to be in a position to give increased attention to agriculture and the consumer goods industry, it is apparent that military requirements in the South still have a priority on resources.

9. The modest restoration of industrial output during 1969 is evident from the estimated performance of several important branches of heavy industry, as shown in the following tabulation:

	<u>1965</u>	<u>1968</u>	<u>1969</u>
Electric Power:			
Produced (million kilowatt hours)	600	500	550
Serviceable generating capacity			
(percent)*	70	55	60
Coal (million tons)	4.0	3.0	2.8
Cement (1,000 tons)	660	120	250
Apatite (1,000 tons)	850	250	250

*Percentage of pre-bombing capacity serviceable at end year.

Output was increased only in cement and electric power. Repairs to the Haiphong Cement Plant, the country's only large cement plant, now makes available roughly half of the former capacity. Very little new electric generating capacity was put into service in 1969. Problems in the coal fields apparently caused a small decline in the volume of coal extracted, and about a 25 percent decrease in exports of coal.

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11. Deliveries of goods to North Vietnam from Soviet Far Eastern ports may be increased in 1970 according to a Soviet foreign broadcast, and a large part of the increase probably would be foodstuffs, particularly wheat flour. One possible explanation for an increase in deliveries of Soviet wheat flour in 1970 would be to offset a decline in Chinese shipments of rice and maize [REDACTED] Hanoi seems to have been preparing for several years for greater consumption of wheat flour, importing a number of wheat flour food processing facilities including bakeries and noodle factories.

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Conclusions

16. Construction of military and logistics facilities in the North Vietnamese Panhandle indicate an intent to sustain and improve capacities to move men and materials for supporting Communist operations outside North Vietnam. A number of new surface-to-air missile sites along routes leading into Laos from North Vietnam, and additional work to lengthen the runway of the Vinh Airfield are directed toward increasing the threat to US aircraft operating over Laos and North Vietnam. New road construction and the building of increased petroleum storage facilities at Quang Khe will increase North Vietnam's capacity and reduce the vulnerability on lines of communication into Laos and South Vietnam.

17. There was little evidence of any progress in reconstructing heavy industrial installations in North Vietnam. From Le Duan's speech of 3 February, the modest claims of past economic progress and the rather dismal outlook for the future suggested that the regime has postponed a major reconstruction effort for the duration of the war and has become reconciled to a period of slow economic recovery.

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